

SUPPLEMENTARY RETURN

[142b]

To an Address to His Excellency the Governor General,
of the 8th May, 1922, for a copy of all correspondence
passing between the Prime Minister of Canada and
the Governments of Manitoba, Saskatchewan and
Alberta, since the 10th July, 1920, respecting the
transfer of natural resources

From the Acting Prime Minister of Canada to the Prime Minister of Quebec

OTTAWA, ONTARIO, January 2, 1919.

DEAR SIR LOMER GOUIN,—I have to thank you for writing me so fully the views of your Government respecting the subject of the transfer of their unalienated natural resources to the provinces of Manitoba, Saskatchewan and Alberta. The resolution of the other provinces to which you refer and the representations put forward in your communication will receive most careful and attentive consideration on the part of the Government.

With kindest regards and all good wishes for the New Year, believe me,
Yours faithfully,

(Sgd.) W. T. WHITE,
Acting Prime Minister.

The Honourable
Sir LOMER GOUIN,
Premier of Quebec,
Quebec, P.Q.

From the Prime Minister of Quebec to the Acting Prime Minister of Canada

QUEBEC, December 31, 1918.

The Honourable Sir THOMAS WHITE, K.C.M.G.,
Acting Premier of Canada,
Ottawa.

DEAR SIR THOMAS,—We have given our careful consideration to the communication of the 19th of November, 1918, which was addressed to you by the Premiers of the provinces of Manitoba, Saskatchewan and Alberta on the subject of the transfer to these provinces of the unalienated natural resources within their respective limits, and which you kindly caused to be referred to us for an expression of our views.

This communication abstains from making any comments upon certain reservations to which the transfer would be subject on the ground, as stated, that no definite information was given by the Government of Canada as to what these

12 GEORGE V, A. 1922

reservations may consist of. It then takes exception to the claim made by the provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and British Columbia for a proportionate allowance in case the special compensation in lieu of lands now paid to the Prairie Provinces be left undisturbed, because such a treatment of these other provinces would be equivalent to giving them a share in the beneficiary interest accruing from the public domain of Manitoba, Saskatchewan and Alberta, and because the subsidy now being paid the three last provinces in lieu of their lands does not put them in a more favourable position in relation to the Dominion than any of the other provinces.

Proceeding now to submit you our own views on the matter at issue, we think it well to state that the provinces other than the prairie ones, have not laid a claim to a share in any interest or advantage arising out of the natural resources of Manitoba, Saskatchewan and Alberta. We fail to recall anything stated at the conference which could be construed as an attempt in this direction. The only suggestion made was that in the event of the ungranted or waste lands of the Prairie Provinces being returned to them, the other provinces of Canada should receive a compensation proportionate to the land subsidy now being paid to the Prairie Provinces in lieu of lands if it were continued in existence after the return to them of their natural resources. According to us, the only point of contention which has arisen with regard to this matter is as to whether the Prairie Provinces, after being placed in a position analogous to that of the provinces with regard to their lands, shall receive the exceptional treatment of keeping the indemnity paid to them in lieu of their lands without the other provinces receiving an equivalent and proportionate allowance.

It is not unadvisable to call to mind the substance of the Resolution unanimously concurred in at the conference by the representatives of the several provinces of Canada with the exception of Manitoba, Saskatchewan and Alberta, to show the exact position taken by these provinces. After noting the fact that the Government of Canada had intimated that it favourably considered the request of the Prairie Provinces for the transfer to them of their unalienated natural resources, the representatives of the provinces desired to be put on record as declaring that in the event of the special allowance to the Prairie Provinces, in lieu of lands, provided for by existing Acts of Parliament, being maintained in all or in part a proportionate allowance, calculated on this basis, should be granted to each of the other provinces of the Confederation.

An analysis of the debates during the conference shows that in the minds of all present there was an admission that the basis upon which this question should be decided was a just and equitable treatment of all the provinces. This, of course, is the fundamental principle upon which all confederations are established.

Such being the case, the question to be answered is the following. If the Prairie Provinces are maintained in their special subsidy in lieu of lands and recover the lands without an equivalent advantage being assured to the other provinces, will this equality of treatment exist as between the Dominion and the different provinces?

The Prairie Provinces adduce but one argument to the support of their contention. It is that a large part of their natural resources has been alienated by Canada, and that the present allowance for lands is simply an indemnity for the diminution of resources this entailed.

As to this, it may not be amiss to point out that their position, in so far as Canada is concerned, is not without analogy with the situation in which the provinces from Ontario to the Atlantic are situated with respect to their own limits. As is well known, as late as 1847 for Ontario and Quebec the public lands were vested in His Majesty in the right of the United Kingdom, were managed and sold by officers directly appointed by Him, and the proceeds of the sales were applied to objects coming within the purview of the United Kingdom. It must also be kept in mind

SESSIONAL PAPER No. 142b

that the sums disbursed by the Government of Canada in the Prairie Provinces for objects connected with the public lands, exceed by many millions of dollars the amount collected or to be collected by Canada on account of the lands, and that if these provinces had had the control, management and sale of their lands, they would have been either in deficit with regard to this service or have failed to open up the country in such a way as to ensure the immigration, which is such a vital necessity to Canada.

As was stated at the conference it is desirable that if the question of the transfer of their natural resources to the Prairie Provinces, which is distinct from that of additional subsidies to the provinces, be settled it be so in a way that shall be final. In our opinion this finality can only be attained if the settlement is just to all the provinces; and we respectfully submit that the suggestion contained in the above referred to resolution of the provinces would be conducive to such a settlement.

Believe me,

Yours very sincerely,

(Sgd.) LOMER GOUIN.

From the Prime Minister of Saskatchewan to the Prime Minister of Canada

Hon. ARTHUR MEIGHEN,
Prime Minister of Canada,
Ottawa, Canada.

REGINA, July 26, 1920.

MY DEAR MR. MEIGHEN,—On the last occasion on which I discussed the question of the transfer of our natural resources with Sir Robert Borden I understood that at an early date the question would be again considered and in all probability the representatives of the western provinces called together for a conference with the authorities of Canada. At that time I thought the question was about to be disposed of and settled. Shortly afterward, however, Sir Robert became ill and was forced to leave the Capital for the south. I, therefore, concluded that the subject must remain in abeyance until his return. Changes have now taken place in the Government of Canada which have placed the duty on me of calling to your attention the necessity of having this very important question finally disposed of. I shall, therefore, be glad to know whether you have as yet given any consideration to the question and whether you are in a position to discuss the matter with representatives of the Prairie Provinces with the object in view of having the matter brought to a conclusion.

Yours faithfully,

W. M. MARTIN.

From the Prime Minister of Canada, to the Prime Minister of Saskatchewan

OTTAWA, Ont., July 30, 1920.

MY DEAR MR. MARTIN,—I received your letter of the 26th July just prior to my departure for the West. I will bring this to the attention of the other ministers at once and will see that the subject receives consideration at the earliest possible date.

Yours faithfully,

Hon. W. M. MARTIN,
Premier of Saskatchewan,
Regina, Sask.

ARTHUR MEIGHEN.

12 GEORGE V, A. 1922

From the Private Secretary to the Prime Minister of Canada, to the Secretary-Treasurer, Saskatchewan Associated Boards of Trade, Saskatoon, Saskatchewan

OTTAWA, Ontario, August 4, 1920.

DEAR SIR,—Your letter of the 31st July has been received and will be brought to the attention of the Prime Minister on his return to the city, in the course of a few days. You may rest assured that the question of the return to the western provinces of their natural resources will receive careful consideration.

Yours sincerely,

(Sd.) GEORGE BUSKARD,
Private Secretary.

GERALD GRAHAM, Esq.,
Secretary-Treasurer,
Saskatchewan Associated Boards of Trade,
Saskatoon, Sask.

From the Secretary-Treasurer, Saskatchewan Associated Boards of Trade, to the Prime Minister of Canada

SASKATCHEWAN ASSOCIATED BOARDS OF TRADE,
SASKATOON, Sask., July 31, 1920.

Hon. Mr. A. MEIGHEN,
Premier's Office,
Parliament Bldgs., Ottawa.

DEAR SIR,—Please find enclosed copy of resolution passed by the Saskatchewan Associated Boards of Trade at their meeting in Regina, July 21.

The resolution is self-explanatory and needs no comment from me. It represents the attitude of every right-thinking Westerner. This resolution leaves no doubt as to the attitude of the business men of this province as well as the farmers.

Yours truly,

GERALD GRAHAM,
Secretary-Treasurer, Sask. Associated Boards of Trade.
Per S. I. A.

RESOLUTION

“Whereas the resources of the western provinces are controlled by the Dominion Government, and

“Whereas it is considered that these resources should be in the hands of the provinces who could more effectively develop them;

“Therefore be it resolved that these Saskatchewan Associated Boards of Trade do support the action taken by our Provincial Government to obtain transfer of the natural resources to the respective provinces and that a copy of this resolution be sent to the Dominion and Provincial Premiers and members of the Dominion Parliament for the province of Saskatchewan.”

SESSIONAL PAPER No. 142b

Telegram from the Prime Minister of Manitoba to the Prime Minister of Canada

WINNIPEG, Manitoba, November 20, 1920.

Hon. ARTHUR MEIGHEN,
Premier of Canada,
Ottawa, Ont.

The Government of Manitoba would like an appointment with your Government at the earliest convenient date preferably in December for the purpose of making an effort to settle the question of our natural resources. I understand the Premiers of Alberta and Saskatchewan are communicating with you on the same subject.

T. C. NORRIS.

Telegram from the Prime Minister of Canada to the Prime Minister of Manitoba

OTTAWA, December 1, 1920.

Hon. T. C. NORRIS,
Premier of Manitoba,
Winnipeg, Man.

Am awaiting request from other Governments as indicated in your telegram. On receipt will immediately fix date in December as requested.

ARTHUR MEIGHEN.

From the Prime Minister of Saskatchewan to the Prime Minister of Canada

REGINA, December 2, 1920.

Hon. ARTHUR MEIGHEN,
Prime Minister of Canada,
Ottawa, Ontario.

DEAR MR. MEIGHEN,—I have just been advised that Mr. Norris and Mr. Stewart have asked you for an appointment at an early date with respect to the question of the transfer of the natural resources. The Government of this province desires to join in the conference whenever it is possible to have it arranged.

Yours faithfully,

W. M. MARTIN.

Telegram from the Prime Minister of Canada to the Prime Minister of Manitoba

OTTAWA, ONT., December 3, 1920.

Hon. T. C. NORRIS,
Winnipeg, Manitoba.

Referring your telegram. Have similar request from Premier Stewart. Would suggest Wednesday fifteenth at three o'clock for conference. If agreeable will advise Premier Martin accordingly. Would like confer also with you and Premier of Ontario respecting certain Lake Woods matters lately before International Joint Commission. Would same date at eleven o'clock be satisfactory. You probably would desire to bring also engineering adviser.

ARTHUR MEIGHEN.

12 GEORGE V, A. 1922

Telegram from the Prime Minister of Manitoba to the Prime Minister of Canada

WINNIPEG, MAN., December 4, 1920.

Hon. ARTHUR MEIGHEN,
Premier of Canada,
Ottawa, Ont.

Replying your telegram December third Wednesday December fifteenth will be suitable day for us for conference Manitoba Government will be represented also same day at eleven o'clock satisfactory to discuss Lake Woods matters referred to in your message.

T. C. NORRIS.

Telegram from the Prime Minister of Canada to the Prime Minister of Saskatchewan

OTTAWA, December 4, 1920.

Honourable W. M. MARTIN,
Regina, Sask.

Premiers Stewart and Norris have requested discuss with Dominion Government question of natural resources. Stop. Have suggested Wednesday fifteenth instant at three o'clock to which they agree. Presume you desire also to come and hope this date agreeable to you.

ARTHUR MEIGHEN.

Telegram from the Prime Minister of Alberta to the Prime Minister of Canada

EDMONTON, ALTA., December 2.

Hon. ARTHUR MEIGHEN,
Ottawa, Ont.

I have just returned from Manitoba where we discussed the question of natural resources and it was thought advisable to obtain an interview with you and the members of your Government to see if it is not possible to arrive at some basis for you to name an early date for conference at which we could discuss this question.

CHARLES STEWART.

Telegram from the Prime Minister of Canada to the Prime Minister of Alberta

OTTAWA, ONT., December 3, 1920.

Honourable CHARLES STEWART,
Edmonton, Alta.

Referring yours second. Have had similar request from Premier Norris. Would suggest Wednesday fifteenth at three o'clock for conference. If agreeable will advise Premier Martin accordingly.

ARTHUR MEIGHEN.

SESSIONAL PAPER No. 142b

Telegram from the Prime Minister of Alberta to the Prime Minister of Canada

EDMONTON, ALTA., December 3, 1920.

Hon. ARTHUR MEIGHEN,
Ottawa.

Your wire received fifteenth instant quite satisfactory for conference.

CHARLES STEWART.

From the Prime Minister of Saskatchewan to the Prime Minister of Canada

REGINA, December 6, 1920.

Hon. ARTHUR MEIGHEN,
Prime Minister of Canada,
Ottawa, Ontario.

DEAR MR. MEIGHEN,—I have your telegram in which you state that a conference with respect to the question of the natural resources will be held in Ottawa on December 15. I expect to be present on that occasion.

Yours faithfully,

(Sgd.) W. M. MARTIN.

From the Premier of Canada to the Premier of Saskatchewan

OTTAWA, December 7, 1920.

Honourable W. M. MARTIN,
Regina, Saskatchewan

I refer you to my wire fourth December. Have your letter second. Am assuming fifteenth is acceptable to you for conference.

(Sgd.) ARTHUR MEIGHEN.

Charge Prime Minister's Office.

From the Prime Minister of Canada to the Prime Minister of Manitoba

OTTAWA, ONT., December 7, 1920.

DEAR MR. NORRIS,—It has now been agreed that the Premiers of Alberta, Saskatchewan, and Manitoba shall meet with the Federal Government in Ottawa on the 15th instant with a view to a further discussion of and, if possible, agreement on the subject of the transfer of the natural resources within the boundaries of those provinces, to the Governments of the provinces concerned. This is a subject that has been, as you know, very frequently under review on the part of the Governments of the three provinces and of successive Governments of the Dominion. So far practical progress has not been achieved for reasons that might be briefly summarized as follows:—

1. In 1905 the Dominion Government then in office, with the sanction of a majority of both Houses, carried through Parliament the necessary legislation establishing the provinces of Alberta and Saskatchewan and retaining possession of the natural resources as had been done in the case of Manitoba at an earlier date. At

12 GEORGE V, A. 1922

the same time provision was made whereby an extra subsidy, increasing in amount with population, should be paid these provinces in perpetuity, usually referred to as a grant in lieu of lands. Later on at the request of the Manitoba Government, a similar arrangement was made with that province. The sufficiency or insufficiency of this extra subsidy I do not now call in question, but it is necessary for clearness to state that the reservation of these resources by the Dominion or at least the land grants provided in lieu thereof were approved by the Provincial Governments of the day and these Governments were in turn approved by the majority of the electors in those provinces at general elections.

2. In 1912 extensive northern areas were added to the provinces of Quebec and Ontario respectively, none of the resources therein being retained by the Dominion Government.

3. Arising chiefly out of the increased subsidy and the attendant circumstances described in (1) above, the other provinces have asserted an interest in the question of the transfer to the three Prairie Provinces of the remainder of the natural resources and I think it may safely be said that the Governments of the Prairie Provinces have not been disposed to deny that such an interest must be considered and that the terms of transfer must be fair not only to the Prairie Provinces but to the rest of Canada as well. In recent years at least the difficulty in dealing with the problem has been not in any reluctance on the part of the Federal Government to transfer the resources in question, but in arriving at terms acceptable or fairly acceptable to the Prairie Provinces on the one hand and to the remainder of the Dominion on the other.

The further fact must not be lost sight of that any policy adopted by the Federal Government in regard to the problem must necessarily be of such a character as to command the support of a majority of both Houses of Parliament and that this is impossible unless the proposals made are such as to be generally regarded as fair and reasonable by the representatives of all the people.

It would seem to be highly desirable, if not essential, for the reasons briefly enumerated below that such terms should not involve increased subsidies to any province payable by the Dominion Treasury.

(a) The obligations entailed by the late war have added enormously to the debt of the Dominion. On the other hand the debts of the provinces have not been substantially affected thereby.

(b) The Dominion has consequently had recourse to many sources of revenue not previously availed of for Federal purposes, viz: income tax, profits tax, taxation of financial institutions, corporation tax, sales tax, luxury tax, and other methods of direct taxation.

(c) These forms of taxation, particularly the four first named, have been imposed in very substantial form. The provinces have not been compelled, except in a few instances, to explore these sources of taxation although in the case of the first four at least they are equally available to the provinces, and then to no such extent as the Federal Government has been compelled to adopt.

This Government is not only prepared to transfer the remainder of the resources of the Prairie Provinces upon terms that can be accepted as fair, but is anxious to do everything in its power to arrive at such terms. Up to now, so far as I am aware, the Governments of the Prairie Provinces have not only asked for such transfer but insist as well upon the retention of the extra subsidies or land grants. None of the other provinces have, however, acquiesced in settlement upon these terms and it is extremely doubtful if a majority of Parliament would agree thereto. Under the circumstances I feel confident it would contribute materially to real progress in the solution of the question if you, as Premier of Manitoba, Mr. Stewart, as Premier of Alberta, and Mr. Martin, as Premier of Saskatchewan, acting preferably together, but if this is not possible, acting separately, would state definitely the best terms to

SESSIONAL PAPER No. 142b

which you would be ready to agree. If you feel disposed to adhere to the view that the entire subsidy granted "in lieu of lands" should be retained notwithstanding the return of the resources, then it will only be necessary to state that such is definitely and finally your position. But on the other hand if you would be willing to abate the whole or part of such subsidy it would be of real value if you would state just the maximum extent to which you would be prepared to go. I beg to assure you that if this is done this Government will honestly endeavour to assist and bring about, if at all possible, an early settlement of this entire question. If your reply could be received before or at least on arrival of the Premiers on the 15th I would be grateful.

Yours faithfully,

ARTHUR MEIGHEN.

Hon. T. C. NORRIS,
Premier of Manitoba,
Winnipeg, Manitoba.

From Prime Minister of Canada to Prime Minister of Alberta

OTTAWA, December 7, 1920.

Hon. CHARLES STEWART,
Prime Minister, Edmonton.

Have mailed you to-day to Edmonton, a copy also to Alexandra hotel, Winnipeg, letter *re* natural resources question.

ARTHUR MEIGHEN.

From the Prime Minister of Canada to the Prime Minister of Alberta

OTTAWA, Ont., December 7, 1920.

DEAR MR. STEWART,—It has now been agreed that the Premiers of Alberta, Saskatchewan and Manitoba shall meet with the Federal Government in Ottawa on the 15th instant with a view to a further discussion of and, if possible, agreement on the subject of the transfer of the natural resources within the boundaries of those provinces, to the Governments of the provinces concerned. This is a subject that has been, as you know, very frequently under review on the part of the Governments of the three provinces and of successive Governments of the Dominion. So far practical progress has not been achieved for reasons that might be briefly summarized as follows:—

1. In 1905 the Dominion Government then in office, with the sanction of a majority of both Houses, carried through Parliament the necessary legislation establishing the provinces of Alberta and Saskatchewan and retaining possession of the natural resources as had been done in the case of Manitoba at an earlier date. At the same time provision was made whereby an extra subsidy, increasing in amount with population, should be paid these provinces in perpetuity, usually referred to as a grant in lieu of lands. Later on at the request of the Manitoba Government, a similar arrangement was made with that province. The sufficiency or insufficiency of this extra subsidy I do not now call in question but it is necessary for clearness to state that the reservation of these resources by the Dominion or at least the land

12 GEORGE V, A. 1922

grants provided in lieu thereof were approved by the Provincial Governments of the day and these Governments were in turn approved by the majority of the electors in those provinces at general elections.

2. In 1912 extensive northern areas were added to the provinces of Quebec and Ontario respectively, none of the resources therein being retained by the Dominion Government.

3. Arising chiefly out of the increased subsidy and the attendant circumstances described in (1) above, the other provinces have asserted an interest in the question of the transfer to the three Prairie Provinces of the remainder of the natural resources and I think it may safely be said that the Governments of the Prairie Provinces have not been disposed to deny that such an interest must be considered and that the terms of transfer must be fair not only to the Prairie Provinces but to the rest of Canada as well. In recent years at least the difficulty in dealing with the problem has been not in any reluctance on the part of the Federal Government to transfer the resources in question, but in arriving at terms acceptable or fairly acceptable to the Prairie Provinces on the one hand and the remainder of the Dominion on the other.

The further fact must not be lost sight of that any policy adopted by the Federal Government in regard to the problem must necessarily be of such a character as to command the support of a majority of both Houses of Parliament and that this is impossible unless the proposals made are such as to be generally regarded as fair and reasonable by the representatives of all the people.

It would seem to be highly desirable, if not essential, for the reasons briefly enumerated below, that such terms should not involve increased subsidies to any province payable by the Dominion Treasury.

(a) The obligations entailed by the late war have added enormously to the debt of the Dominion. On the other hand the debts of the provinces have not been substantially affected thereby.

(b) The Dominion has consequently had recourse to many sources of revenue not previously availed of for federal purposes, viz: income tax, profits tax, taxation of financial institutions, corporation tax, sales tax, luxury tax, and other methods of direct taxation.

(c) These forms of taxation, particularly the four first named, have been imposed in very substantial form. The provinces have not been compelled, except in a few instances, to explore these sources of taxation although in the case of the first four at least they are equally available to the provinces, and then to no such extent as the Federal Government has been compelled to adopt.

This Government is not only prepared to transfer the remainder of the resources to the Prairie Provinces upon terms that can be accepted as fair, but is anxious to do everything in its power to arrive at such terms. Up to now, so far as I am aware, the Governments of the Prairie Provinces have not only asked for such transfer but insist as well upon the retention of the extra subsidies or land grants. None of the other provinces have, however, acquiesced in settlement upon these terms and it is extremely doubtful if a majority of Parliament would agree thereto. Under the circumstances I feel confident it would contribute materially to real progress in the solution of the question if you, as Premier of Alberta, Mr. Martin, as Premier of Saskatchewan, and Mr. Norris, as Premier of Manitoba, acting preferably together but if this is not possible, acting separately, would state definitely the best terms to which you would be ready to agree. If you felt disposed to adhere to the view that the entire subsidy granted "in lieu of lands" should be retained notwithstanding the return of the resources, then it will only be necessary to state that such is definitely and finally your position. But on the other hand if you would be willing to abate the whole or part of such subsidy it would be of real value if you would state just the

SESSIONAL PAPER No. 142b

maximum extent to which you would be prepared to go. I beg to assure you that if this is done this Government will honestly endeavour to assist and bring about, if at all possible, an early settlement of the entire question. If your reply could be received before or at least on arrival of the Premiers on the 15th I would be grateful.

Yours faithfully,

ARTHUR MEIGHEN.

Hon. CHARLES STEWART, M.P.P.,
Premier of Alberta,
Edmonton, Alberta.

From the Prime Minister of Canada to the Prime Minister of Saskatchewan

OTTAWA, ONT., December 7, 1920.

DEAR MR. MARTIN,—It has now been agreed that the Premiers of Alberta, Saskatchewan and Manitoba shall meet with the Federal Government in Ottawa on the 15th instant with a view to a further discussion of and, if possible, agreement on the subject of the transfer of the natural resources within the boundaries of those provinces, to the Governments of the provinces concerned. This is a subject that has been, as you know, very frequently under review on the part of the Governments of the three provinces and of successive Governments of the Dominion. So far practical progress has not been achieved for reasons that might be briefly summarized as follows:—

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12 GEORGE V, A. 1922

command the support of a majority of both Houses of Parliament and that this is impossible unless the proposals made are such as to be generally regarded as fair and reasonable by the representatives of all the people.

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Yours faithfully,

ARTHUR MEIGHEN.

Hon. W. M. MARTIN,
Premier of Saskatchewan,
Regina, Sask.

SESSIONAL PAPER No. 142b

From the Prime Minister of Manitoba to the Prime Minister of Canada

PROVINCE OF MANITOBA,

OFFICE OF THE PREMIER,

WINNIPEG, Man., December 10, 1920.

Hon. ARTHUR MEIGHEN,
Prime Minister of Canada,
Ottawa, Canada.

MY DEAR MR. MEIGHEN,—Your letter of the 7th instant reached me this morning. The best answer I can make thereto seems to me to be the enclosed argument which we have just completed for submission to yourself and your Government next Wednesday.

You will see by the enclosed memorandum that we have come to the conclusion that the only way to dispose permanently of the question of the natural resources is to go back to first principles and to settle the question between the Dominion and the Prairie Provinces on the same principles as were followed in the case of the other provinces at the time of and since Confederation. If this principle is adopted, which we sincerely hope it will be, the next point which would have to be settled is the basis and method of adjustment, but it seems to us that discussion of details in that connection would be quite useless until we have reached the stage when the principle itself has been adopted. You will see by the memorandum herewith that it would serve no useful purpose to discuss any possible abatement of the present subsidies paid in lieu of lands. I do not in fact think that the Government of the province of Manitoba would be justified in concurring in any abatement unless it should be determined after proper investigation and enquiry that in respect of the alienated resources there would be due to the province a lesser sum than that which is now being paid.

Our argument is just being completed this afternoon. It was my intention to forward a copy thereof to you in advance whether I had heard from you in the meantime or not.

Yours faithfully,

T. C. NORRIS.

Telegram from the Prime Minister of Alberta to the Prime Minister of Canada

EDMONTON, Alta., December 11.

Hon. ARTHUR MEIGHEN,
Ottawa, Ont.

Your letter received this morning. Leaving to-night, therefore useless to write but think from tone of your letter that we can reach agreement.

C. STEWART.

12 GEORGE V, A. 1922

Telegram from the Prime Minister of British Columbia to the Prime Minister of Canada

VICTORIA, B.C., December 16, 1920.

Right Hon. ARTHUR MEIGHEN,
Premier,
Ottawa, Ont.

Dispatches indicate you are holding conference with Prairie Provinces dealing with question of return to them of natural resources. Stop. You will recall that at conference of Dominion and provincial authorities held at Ottawa over two years ago the conference favoured the claims of British Columbia for return of railway belt and Peace River Block being considered at same time as consideration of claims of Prairie Provinces. Stop. I respectfully request that you bear this in mind and indicate that you will at early date give consideration to claims of British Columbia.

JOHN OLIVER.

Telegram from the Prime Minister of Canada to the Prime Minister of British Columbia

OTTAWA, Ont., December 17, 1920.

Hon. JOHN OLIVER,
Victoria, B.C.

Contents your telegram 16th will be borne in mind.

ARTHUR MEIGHEN.

From the Prime Minister of Canada to the Prime Minister of Manitoba

OTTAWA, ONT., December 24, 1920.

DEAR MR. NORRIS,—Your letter of December 10 was received in due course, arriving the day previous to our conference on the 15th instant.

Since its receipt we have discussed the subject matter of this letter very thoroughly and the contents of this acknowledgment will be in full accord with the views I expressed in such discussion. The memorandum which you enclose did not contain any material which was intended as an answer to my letter of the 7th instant. It was in effect a request that in place of endeavouring to arrive by agreement at an amount by which your Government would be prepared to abate the present subsidy received by Manitoba "in lieu of lands" this Government should concede what is described as a principle. The memorandum expressed the belief that if the principle which it advances for the consideration of the Federal Government is conceded, then by a mere system of accounting the financial results that ought to exist between the Dominion Government and the province of Manitoba could readily be ascertained. I quote from the memorandum an extract which summarizes fairly well its purposes:—

"The case of the province of Manitoba therefore at this time may be stated very simply, in fact almost in a single sentence. It was expressed by Sir Robert Borden as early in 1905: 'The people of the northwest, when they are granted provincial rights . . . are entitled to the control of these lands just as much as the people of the eastern provinces of Canada are entitled to the control of their provincial domain. I see no distinction.'

SESSIONAL PAPER No. 142b

"We beg to submit that any permanent settlement of the 'Natural Resources Question' must be based upon the ample recognition on the part of the Dominion the inherent British rights of the Prairie Provinces to their natural resources as from the date of provincial organization or responsible government: the restoration of full provincial beneficial control of these which remain unalienated, and compensation upon a fiduciary basis for those which have been alienated by Canada 'for the purposes of the Dominion.'

"It is conceded that in applying this principle due consideration must be given to the sums already paid by the Dominion in 'lieu of lands' and the cost of administering the lands in the interests of the province, but we are strongly of the opinion that nothing whatever is to be gained at this stage by discussing details until the principle outlined above is unreservedly conceded.

"On behalf of the province of Manitoba therefore I beg to rest our case for the present at this point in the hope that you may be able to adopt the basis herein suggested."

It is to be noted that the memorandum from which the above is extracted is advanced on behalf of Manitoba alone. There has not been acquiescence in this position by the Governments of the provinces of Alberta and Saskatchewan.

It will be seen that Manitoba asks in effect, that the Dominion Government now admit the principle that at the time of the creation of the Prairie Provinces these provinces should have, by inherent British right, been granted their natural resources. I have never been disposed to dispute such principle. The question as to the merits of the reasons which influenced the Federal Governments of the time in adopting another course need not now be debated. The fact is another course was taken. Because it was taken, and the natural resources were retained in the Federal Government and a consideration by way of subsidy given in lieu thereof, public policy especially as regards Federal expenditures has adjusted itself through many years to that fact. The Dominion has in relation to western immigration, western railways, western irrigation, mounted police and numerous other subjects, carried on through these years policies involving large expenditures attributable in substantial but unascertainable proportions to the fact that the natural resources were so reserved. The admission, or the denial of the principle which you ask to be conceded, does not therefore appear to me to be of practical importance in the solution of the present difficulty. There would, in a word, be no effective way of following out a long process of accounting and in the attempt to do so, principles would come in issue and counter-principles in issue and the purposes of public policy would be called in question. In a word, every difficulty would arise that now confronts us.

It seems to me that discussion and negotiation to be of practical value must proceed along the lines suggested in my letter of the 7th December. I think you will agree that after our discussion of the 15th this was the view of the majority of those present.

Yours faithfully,

ARTHUR MEIGHEN.

The Honourable T. C. NORRIS,
Premier of Manitoba,
Winnipeg, Man.

12 GEORGE V, A. 1922

From the Prime Minister of Saskatchewan to the Prime Minister of Canada

REGINA, December 28, 1920.

Hon. ARTHUR MEIGHEN,
Ottawa, Ont.

DEAR MR. MEIGHEN,—I did not have an opportunity of replying to your letter of December 7 before the recent conference that was held on the question of the natural resources and I only desire to state now that I have read very carefully the memorandum which was presented by the Government of the province of Manitoba and I concur fully in the views therein expressed, believing that they are constitutionally correct.

Yours faithfully,
(Sgd.) W. N. MARTIN.

From the Prime Minister of Canada to the Prime Minister of Alberta

Honourable CHARLES STEWART,
Edmonton, Alberta.

OTTAWA, February 26, 1921.

Have been informed that your Government has introduced in Legislature following resolution. Quote. This House expresses its satisfaction that, as a result of the constant and continued application of the Government of the Province of Alberta, in association with the Governments of the Provinces of Saskatchewan and Manitoba, a definite assurance has been received from the Prime Minister of Canada that, during the present session of the Dominion Parliament, he will draft a definite proposal for the restoration of the natural resources to the three Prairie Provinces of Canada, which proposal will be submitted to the Parliament of Canada and the Governments of the Prairie Provinces for their consideration and ratification. Unquote. Will be grateful to be informed if such is the fact, and if so, upon what authority assertions in the resolution are made. No such assurance has been given by me.

ARTHUR MEIGHEN.

Telegram from the Acting Prime Minister of Alberta to the Prime Minister of Canada

EDMONTON, ALBERTA, February 26, 1921.

Hon. ARTHUR MEIGHEN, Prime Minister,
Ottawa, Ont.

(Deliver Sunday).

Concurrently with this am wiring you complete text of motion and amendment referred to herein. Stop. Relative your wire 26th, our understanding of conclusion reached at December conference regarding natural resources is that your Government would arrange to make rough accounting for use in preparation by you of formal proposal which proposal it was your intention to submit to Governments of the three Prairie Provinces during the session of Parliament then next ensuing after you had decided this proposal to be of such nature as you considered would be acceptable to both houses of Parliament. Stop. If said proposal proved acceptable to provinces you would then be ready to submit a Bill in accordance with such proposal to Parliament and endeavour to have the same passed. Stop. If this statement is not in

SESSIONAL PAPER No. 142b

accordance with your recollection of the understanding arrived at please wire immediately your understanding thereof in order to be available for our consideration before debate is resumed Monday and thus avoid misunderstandings with respect thereto during debate. Stop. It was understood by committee referred to in concurrent telegram that its draft Resolution would be substituted for the motion made by Mr. Ewing and that Government would withdraw its amendment in the expectation that the substitute Resolution would receive practically unanimous support. Stop. Premier Stewart has not yet resumed Legislature or office duties but concurs in above understanding.

C. R. MITCHELL,
Acting Premier.

Telegram from Acting Prime Minister of Alberta to the Prime Minister of Canada

EDMONTON, ALBERTA, February 26, 1921.

Hon. ARTHUR MEIGHEN, Prime Minister,
Ottawa, Ont.

(Deliver Sunday).

Following is complete text of Resolution moved by Mr. Ewing, Leader of Opposition. Quote. This House declares that the people of Alberta, to the same extent and in the same manner as the people of the other provinces are entitled to the lands mines minerals and other resources within the area and to enjoy the full benefit thereof as well as to administer the same for the advantage of its people and emphatically protests against our natural resources being unjustly withheld to be exploited by any political party at Ottawa this House urges the constant and continued application to and negotiations with the Dominion Government be made for the surrender to the province of the public domain within its boundaries of which it is now unfairly and unjustly deprived this House further declares that the province is entitled to compensation for lands within its area heretofore alienated for purely federal purposes. Unquote. Following is full text amendment moved on behalf of Government. Quote. That all the words after the words advantage of its people be struck out and the following substituted: This House expresses its satisfaction that as a result of the constant and continued application of the Government of the province of Alberta in association with the Governments of the provinces of Saskatchewan and Manitoba a definite assurance has been received from the Prime Minister of Canada that during the present session of the Dominion Parliament he will draft a definite proposal for the restoration of their natural resources to the three Prairie Provinces of Canada which proposal will be submitted to the Parliament of Canada and the Governments of the Prairie Provinces for their consideration and ratification. Unquote. Following is substitute motion agreed upon my informal Committee of seven selected from various groups in Legislature. Quote. This House declares that the people of Alberta to the same extent and in the same manner as the people in the other provinces are entitled to the lands mines minerals and other resources within the area and to enjoy the full benefit thereof as well as to administer the same for the advantage of its people and emphatically protests against our natural resources being withheld this House urges that constant and continued application to and negotiations with the Dominion Government be made for the surrender to the provinces of the public domain within its boundaries this House further declares that the province is entitled to the immediate transfer of our natural resources on fair and equitable terms having regard to the alienation of lands for Federal purposes and taking into consideration subsidies paid in lieu of lands this House is pleased to note that this matter

12 GEORGE V, A. 1922

will be dealt with during the present Session of the Dominion Parliament. Unquote. Arrangements were made that last mentioned resolution be substituted for original motion by Leader of Opposition and be submitted to Legislature last Friday on resumption of debate but at request of Leader Opposition debate further adjourned until next Monday afternoon and consequently this substitute motion has not yet come before Legislature.

C. R. MITCHELL.

Acting Premier.

From the Prime Minister of Canada to the Prime Minister of Saskatchewan.

OTTAWA, Ont., February 28, 1921.

DEAR MR. MARTIN,—Since the last conference we had on the 15th December, regarding natural resources, you have written to the effect that you share the views of the province of Manitoba, as embodied in a memorandum submitted by Honourable Mr. Norris, in his letter of the 13th December. I, therefore, enclose you copy of a letter which I wrote Mr. Norris on December 24 last.

Faithfully yours,

ARTHUR MEIGHEN.

Honourable W. N. MARTIN, Regina, Sask.

Telegram from the Prime Minister of Canada to the Acting Prime Minister of Alberta

OTTAWA, February 28, 1921.

Honourable C. R. MITCHELL,
Edmonton, Alberta.

Received this morning your two night letters twenty-sixth. Stop. I thank you for sending me full text resolutions and amendment. Stop. Understanding in December was that this Government would arrange to have subject specially studied and such rough accounting as possible made with view to arriving at definite suggestions for submission to representatives various provinces. Stop. All parties, including representatives western Governments, have agreed that any proposals must be accepted as fair by representatives of other provinces, as, of course, otherwise no possible chance of passage by Parliament. Stop. This Government will indeed be pleased if efforts as so undertaken result in suggestions generally acceptable and we are hopeful that at least substantial progress will be made to that end.

ARTHUR MEIGHEN.

Telegram from the Acting Prime Minister of Alberta to the Prime Minister of Canada.

EDMONTON, ALBERTA, February 28, 1921.

Hon. ARTHUR MEIGHEN, Prime Minister,
Ottawa, Ont.

Referring your telegram 28 instant regarding natural resources please wire early as possible explanation of following words: Quote. For submission to representatives various provinces. Unquote. Do you refer to all provinces of Canada or to Prairie

SESSIONAL PAPER No. 142b

Provinces only and does the word representatives refer to Dominion members of Parliament or to Provincial Governments also please interpret your expression. Quote. Accepted as fair by representatives of other provinces. Unquote. Does this refer to Dominion members of Parliament or to Provincial Governments of provinces other than Prairie Provinces. Please reply before noon.

C. R. MITCHELL,
Acting Premier.

Telegram from the Prime Minister of Canada to the Acting Prime Minister of Alberta.

OTTAWA, March 1, 1921.

Honourable C. R. MITCHELL,
Edmonton, Alta.

Answering yours 28th February. Stop. I referred to representatives all provinces. Stop. It has been practice to confer with representatives Provincial Governments and I would think progress could probably not be more nor assent of Federal representatives other provinces to any solution obtained if this practice were to be abandoned. Stop. It would assist very materially in advancing solution if your Government would make definite proposals along lines my letter December 13.

ARTHUR MEIGHEN.

Letter from the Prime Minister of Manitoba to the Prime Minister of Canada

WINNIPEG, MAN., March 10, 1921.

HON. ARTHUR MEIGHEN,
Premier of Canada,
Ottawa, Canada.

DEAR SIR,—On the 10th of December last I received at my office in Winnipeg your letter of the same month bearing on the question of the restoration of the natural resources of the Prairie Provinces.

After a review of the subject (the historical correctness of which I am neither admitting nor denying) your letter urged among other things that—

“The other provinces have asserted an interest in the question of the transfer to the three Prairie Provinces of the remainder of the natural resources, and I think it may safely be said that the Governments of the Prairie Provinces have not been disposed to deny that such an interest must be considered.”

After referring to the terms proposed by the three Prairie Provinces in 1913 for the continuation of the present subsidy in lieu of lands as compensation for lands already alienated for the general benefit of Canada, your letter pointed out that “None of the other provinces have, however, acquiesced in settlement upon these terms,” and you suggested that “it would contribute materially to real progress in the solution of the question,” if the western Premiers were to make the best offer possible on the basis of an abatement of the present subsidy in lieu of lands.

At the time your letter was received I was about to depart for Ottawa to attend the conference which was to be held there on the 15th of December last. A memorandum had been prepared by us for submission to this conference. A copy of this

12 GEORGE V, A. 1922

memorandum was immediately mailed to you under cover of my letter of December 10, 1920. Without specifically stating in reply to your letter that I declined on behalf of the province of Manitoba to make any offer of abatement of the present subsidy, I intimated that—

“The best answer I can make thereto seems to me to be the enclosed argument which we have just completed for submission to yourself and your Government next Wednesday.”

I was of the opinion that this memorandum had so direct a bearing upon both the fundamental suggestions of your letter of December the 7th above that there could be no more courteous way of informing your Government that I would not on behalf of the province of Manitoba concur in any abatement whatever, and that we could not concede the interest of the other provinces of the Dominion as such, in our natural resources.

In view of this fact it may be advisable to state at this point that I am unable to admit the statement in your subsequent letter of December 24 that our memorandum “did not contain any material which was intended as an answer to my letter of the 7th instant.” It will be found that the memorandum took direct issue with both the fundamental suggestions in your letter of December 7, namely, that the other provinces of Canada have “an interest in the question of the transfer to the three Prairie Provinces of the remainder of the natural resources” and that the only practicable solution was an arbitrary—and upon our part voluntary—abatement of the present subsidy in lieu of lands in order to conciliate the other provinces of Canada.

The conference with your Government took place on the 15th of December last, at which time our memorandum was submitted and discussed without, however, any very definite conclusions being reached. When our memorandum was prepared, we were well aware that Manitoba had in the year 1913 been a party to a suggestion made to the Canadian Government that the present subsidy in lieu of lands should stand against the lands already alienated. After the careful study which we gave to the whole question we came to the conclusion that the only proper course to take was to withdraw specifically the offer to which Manitoba had been a party as above stated, the same not having been accepted by the Canadian Government in the meantime. In place of this arbitrary method of settlement our memorandum suggested a basis which has been well established and recognized in the course of the development of our Empire, namely, the right of the Prairie Provinces to their natural resources as from the date of provincial organization or responsibility. This proposal therefore differs from all prior attempts at a settlement in that it rests not upon a purely arbitrary basis but upon a sound constitutional principle.

Towards the end of the month of December last I received your letter written on the 24th of that month. In this letter you have conveyed the definite information that “discussion and negotiation to be of practical value must proceed along the lines suggested in my letter of the 7th December.” I am willing to agree that this view was expressed by yourself at the conference and was apparently concurred in by your colleagues, but neither one of the representatives of Manitoba on that occasion acquiesced in any such conclusion. The Alberta and Saskatchewan representatives will no doubt speak for themselves on this point.

In your letter of December 24 there are at least two other points which if allowed to pass without comment might possibly give rise to misunderstandings in the future.

The first of these arises out of the following statement in your last letter:—

“The memorandum expresses the belief that if the principle which it advances is conceded, then by a mere system of accounting, the financial results that ought to exist between the Dominion Government and the province of Manitoba could readily be ascertained.”

SESSIONAL PAPER No. 142b

A great deal depends upon the sense in which the word "accounting" is used in this connection. By accounting I mean accounting upon a fiduciary basis. This does not mean a compilation of a debit and credit statement of the financial records as between the Dominion of Canada and the province of Manitoba. What we have in mind is the kind of accounting due from a trustee to his beneficiary. Such accounting would start out with the admission that Manitoba was as of right, and in the light of all British precedents, entitled to her public domain since the establishment here of responsible government. A trustee may be accountable for much more than the money received by him. He would be chargeable with the full value of any property which he converted to his own use and for the full value of any property which he alienated for less than the full value thereof. The only accounting therefore which can be satisfactory to this province is not an accounting of profit and loss in dollars and cents to the Dominion, but an accounting upon a fiduciary basis of actual resources of this province alienated "by the Government of Canada for the purposes of the Dominion."

The second point in your letter of December 24 which requires comment is the opinion there expressed that—

"The admission or the denial of the principle which you ask to be conceded does not therefore appear to me to be of practical importance in the solution of the present difficulty. It seems to me that discussion and negotiation to be of practical value must proceed along the lines suggested in my letter of the 7th December."

Apart altogether from the fact that this province, as already indicated, is unable to concede the two fundamental suggestions of your letter of December 7 (viz., that the other provinces "have an interest in the question of the transfer to the three Prairie Provinces of the remainder of the natural resources," and that the only practicable basis of settlement is an abatement of present subsidies in lieu of lands), it is contended that the principle which we asked to be conceded is of fundamental importance chiefly from a practical point of view. Even the present subsidy in lieu of lands, the retention of a fraction of which is suggested by the Dominion as the only practicable basis of settlement at the present time, was originally computed upon a fixed uniform valuation per acre of an arbitrarily estimated acreage of unalienated lands (combined with a sliding scale of population) at the organization of Alberta and Saskatchewan in 1905. The same basis was extended to Manitoba in 1912. If an arbitrary fraction of the value of an arbitrarily estimated acreage of unalienated lands in 1905 is now in the opinion of the Dominion a satisfactory basis of compensation for lands alienated for the general benefit of Canada, it is submitted that there ought to be no great difficulty in the way of estimating directly at a valuation per acre the value of the resources actually alienated since provincial organization "by the Government of Canada for the purpose of the Dominion," in view of the fact that those alienations, unlike departmental accounts or the unsurveyed areas of the province, are to be computed with almost mathematical accuracy.

Without in any way committing ourselves to this particular method of settlement, we are persuaded that several methods of procedure are more or less feasible if the general principle which we have advocated is unreservedly conceded.

After having given the most careful thought to your letter of the 24th of December I do not feel that I can in any way recede from the position taken in the memorandum which I submitted to your Government. I feel compelled most respectfully to decline to concede, much less suggest, any abatement of the subsidy in lieu of lands unless an accounting upon the fiduciary basis set out in our memorandum discloses a balance against the province.

Yours faithfully,

T. C. NORRIS,
Premier.

12 GEORGE V, A. 1922

Letter from the Private Secretary to the Prime Minister of Canada to the Clerk of the Legislative Assembly, Alberta.

OTTAWA, ONT., March 19, 1921.

DEAR SIR,—I am directed by the Prime Minister to acknowledge your letter of the 10th March, which was accompanied by a copy of a resolution passed by the Legislative Assembly of the Province of Alberta, with regard to natural resources.

Yours sincerely,

GEORGE BUSKARD
Private Secretary.

JOHN R. COWELL, Esquire,
Government Buildings,
Edmonton, Alberta.

Letter from the Clerk of the Legislative Assembly of Alberta to the Premier of Canada

GOVERNMENT BUILDINGS, EDMONTON, March 10, 1921.

HON. ARTHUR MEIGHEN,
Prime Minister,
Government Buildings, Ottawa, Ont.

SIR.—I am directed by Premier Stewart, to forward to you, the enclosed Resolution which was passed by the Legislative Assembly of the Province of Alberta, on the 7th of March, inst.

Kindly acknowledge receipt of same.

Your obedient servant,

JOHN R. COWELL.
Clerk of the Legislative Assembly.

From the Clerk of the Legislative Assembly of Alberta to the Premier of Canada

RESOLUTION PASSED BY THE LEGISLATIVE ASSEMBLY, MONDAY, MARCH 7, 1921.

“This House declares that the people of Alberta, to the same extent and in the same manner as the people in the other provinces, are entitled to the lands, mines, minerals, and other resources within the area, and to enjoy the full benefit thereof, as well as to administer the same for the advantage of its people, and emphatically protests against our natural resources being withheld. This House urges that constant and continued application to, and negotiations with the Dominion Government be made for the surrender to the province of the public domain within its boundaries.

“This House further declares that the province is entitled to the immediate transfer of our natural resources on fair and equitable terms having regard to the alienation of lands for Federal purposes, and taking into consideration subsidies paid in lieu of lands.

“This House is pleased to note that the Prime Minister of Canada is endeavouring to effect a settlement of this question at the present time.”

JOHN R. COWELL.
Clerk of the Legislative Assembly.

SESSIONAL PAPER No. 142b

Telegram from the Prime Minister of Manitoba to the Prime Minister of Canada

WINNIPEG, MAN., April 25.

Hon. ARTHUR MEIGHEN,

Premier of Canada, Ottawa.

A delegation from the Manitoba Legislature composed of the leaders of the various groups in the House is anxious to secure an interview with you on the question of natural resources prior to your departure for the Imperial Conference some time before but near the tenth of May or else about the twentieth would be suitable to us. If you can make it convenient kindly wire.

T. C. NORRIS.

Telegram from the Prime Minister of Canada to the Prime Minister of Manitoba

OTTAWA, ONT., April 26, 1921.

Premier T. C. NORRIS,

Winnipeg, Man.

Expect to be here throughout May. Difficult meeting delegations during Session especially later part but will arrange meet representatives of Manitoba Legislature on twentieth if that date suitable.

ARTHUR MEIGHEN.

Telegram from Prime Minister of Manitoba to Prime Minister of Canada

WINNIPEG, MAN., April 26, 1921.

Hon. ARTHUR MEIGHEN,

Premier of Canada, Ottawa, Ont.

Thanks for your wire of to-day Twentieth of May is very satisfactory.

C. NORRIS.

Letter from the Prime Minister of Canada to the Prime Minister of Manitoba.

OTTAWA, ONT., April 27, 1921.

DEAR MR. NORRIS,—I beg to refer to your letter of March 10 on the subject of the transfer of the natural resources of the Prairie Provinces.

You extract from my letter of December 7 last the following:—

“The other provinces have asserted an interest in the question of the transfer to the three Prairie Provinces of the remainder of the natural resources, and I think it may safely be said that the Governments of the Prairie Provinces have not been disposed to deny that such an interest must be considered.”

To this extract you take exception. When writing this portion of my letter of December 7 I had in mind chiefly the resolution passed at the Liberal Convention held in Ottawa in August, 1919, on this subject. The resolution was moved by the Hon. Mr. Stewart, Premier of Alberta, and seconded by the Hon. Mr. Martin, Premier

12 GEORGE V, A. 1922

of Saskatchewan, and appears to have been passed unanimously. It was in the following terms:—

“Resolved that the provinces of Manitoba, Saskatchewan and Alberta should be granted the ownership and control of the natural resources within their respective boundaries on terms that are fair and equitable with reference to all other provinces of the Dominion.”

There is no record so far as I know of exception having been taken to this resolution, and I therefore felt that I could assume that it was expressive of the attitude of the Governments of the Prairie Provinces on this phase of the question. Such being the case I think the extract to which you take exception was only a fair and moderate interpretation of what had thus been put on record as the attitude of the Governments of at least two of the provinces and what appears to have been acquiesced in, or at least not to have been taken exception to, by the members of the Government of Manitoba. I have no desire, however, to press discussion along this line, but felt that I should give you my reasons for any portion of my letter of December 7 which was challenged.

It must be manifest to you in any event that any solution of the present problem to be effective, must pass Parliament and consequently must be such as will from the standpoint of its fairness to the whole of Canada commend itself to the representatives of the other provinces as well as of the Prairie Provinces.

I observe you adhere to the position and indeed state it in terms of finality that although the withholding of the natural resources from the Prairie Provinces was acquiesced in at the time by the representatives of those provinces and indeed by Governments subsequently formed, the Dominion must now be held to strict accountability “on a fiduciary basis” not only for all moneys received in respect of its administration of the resources so federally controlled, but for all moneys that should have been received had such resources been disposed of at their actual value. This would mean, for example, that although the policy of free homesteading was adopted with a view to securing as rapidly as possible settlement of the vacant lands of the west for the advantage of the provinces in which those lands were situated and therefore ultimately for the advantage of Canada, the federal treasury should now be held accountable to the provinces for the sale value of those lands at the time of homesteading. I give this merely as an individual instance of the practical meaning of the contention which you now set up.

On the other side of the ledger—that is, on the side of the disbursements made by the federal treasury arising out of many features of administration and policies adopted by reason in whole or in part of the resources being retained—there would, let me repeat, be in any judgment no likelihood, if indeed possibility, of any accounting in the ordinary sense. This flows from the fact that in respect of almost every one of such administrative activities and policies there would be no such thing as ascertaining how much of federal expenditure was due to the retention of such resources and how much was not. I have in other correspondence given instances to illustrate this point.

We are, as you are aware, having a thorough study of the different accounts made and of the relations the one to the other in order to see whether or not any assistance can be rendered in this way toward the solution of the subsidy phase of the question. You are aware of course that, subject to an agreement upon the second and third considerations mentioned in Sir Robert Borden’s letter of the 5th March, 1914, the Government of Sir Robert Borden was quite prepared to transfer the resources if the provinces were prepared to relinquish the subsidy which had been provided in lieu thereof. The second and third considerations referred to had to do with immigration and settlement, and, especially in view of developments since, there is not the least

SESSIONAL PAPER No. 142b

apprehension that we would now have any difficulty on that score. The question therefore at issue is one affecting subsidies rather than one affecting resources.

It is by reason of considerations such as outlined above that I have taken the grounds that only by striving to arrive at some practicable final basis put down in dollars and cents can effective progress be made. It is difficult to see how we are going to make much headway as respects Manitoba while your Government declines to assist in advancing the solution along these lines—indeed declines to make any definite proposal at all.

Yours faithfully,

ARTHUR MEIGHEN.

Hon. T. NORRIS, M.P.P.,
Premier of Manitoba,
Winnipeg, Man.

Letter from the Prime Minister of Manitoba to the Prime Minister of Canada

WINNIPEG, MAN., May 13, 1921.

Hon. ARTHUR MEIGHEN,
Prime Minister of Canada,
Ottawa, Canada.

DEAR MR. MEIGHEN,—I beg to confirm on behalf of the Government of Manitoba the thanks which I have already expressed by telegraph for your wire of April 26, fixing May 20 as the date for a conference between your Government and the delegation from the Manitoba Legislature with regard to the natural resources question.

I have also to acknowledge receipt since that date of your letter of the 27th of April in reply to our letter of March 10, 1921. In view of the fact that you had already been good enough to arrange the conference for May 20 it will perhaps be unnecessary to reply formally to your letter until after that date. Our delegation, including the leaders of all groups in the Legislature, expects to reach Ottawa on May 19.

Yours faithfully,

T. C. NORRIS,

Letter from the Prime Minister of Canada to the Prime Minister of Manitoba

OTTAWA, ONT., May 21, 1921.

DEAR MR. NORRIS,—I beg to refer to the memorandum presented yesterday by yourself and leaders of groups in the Manitoba Legislature, urging the return to the province of Manitoba of its natural resources.

The correspondence that has taken place between us and the statement I made to the delegation yesterday fairly represent the negotiations to date and reflect the present position.

Faithfully yours,

ARTHUR MEIGHEN.

Honourable T. C. NORRIS,
Premier of Manitoba,
Winnipeg, Man.

12 GEORGE V, A. 1922

ADDRESS BY THE PRIME MINISTER OF MANITOBA

MR. PREMIER and GENTLEMEN:

Since our last conference on the "Natural Resources Question" on December 15, 1920, there has been an interchange of letters, dated respectively, December 24, 1920, and April 27, 1921, from the Dominion, and March 10, 1921, from the province of Manitoba. There have also been resolutions relating to this important question in both the Federal House of Commons and the Provincial Legislature. The correspondence which has taken place has revealed, we believe, the existence of considerable misunderstanding with regard to our position, and it is largely in the hope of contributing to the removal of this misunderstanding that this conference has been sought to-day.

The correspondence between the Dominion and the province of Manitoba was tabled at the request of the House during the recent session of the Manitoba Legislature; and after being carefully considered, the following resolution was moved by myself as Premier of Manitoba, seconded by Mr. Haig, the House Leader of the Conservative Party, and unanimously carried:—

"Whereas, in the course of the development of British constitutional practices throughout the Empire, the fact is that, with the exception of the Prairie Provinces of Canada, the natural resources have been bestowed upon the local or provincial authorities upon the occasion of the assumption of the duties of responsible government;

"And Whereas, the conditions which might have warranted the suspension of those rights in 1870 have long since passed away;

"Therefore be it resolved, that this House do urge upon the Government of the Dominion the immediate recognition of full provincial rights for Manitoba in respect of public lands as from 1870;

"And that, pursuant to these rights, this House do hereby propose to the Government of Canada that immediate steps be taken in conjunction with the Government of this province, to effect the transfer to provincial control of all lands and natural resources within the province hitherto unalienated;

"And that the House is further of the opinion that at such transfer, and in pursuance of the said rights this province is entitled to compensation upon a fiduciary basis for all public lands and natural resources alienated by the Government of Canada for the purposes of the Dominion."

Our Legislature directed also that a delegation consisting of the respective leaders of all the groups in the House should wait upon your Government at the earliest opportunity for the purpose of urging the acceptance of the foregoing resolution as the basis for the settlement of the "Natural Resources Question." The delegation, therefore, which you have honoured to-day represents the entire membership of the Manitoba Legislature.

It is not our intention at this time, to repeat the argument presented in considerable detail in December last on behalf of the province of Manitoba. It will suffice to state again that our claim is based upon rights which we believe to be incontrovertible, viz., that the province of Manitoba was entitled, like every other self-governing province of the British Empire, to its natural resources in 1870, when it was transferred from the Crown and became without previous territorial status, a province of the Canadian Confederation. We observe in your letter of December 24, 1920, that you "have never been inclined to question such principle," and we beg to assure you that our claims are based upon nothing more extravagant than this simple right which in the case of all but the Prairie Provinces of Canada has always been taken for granted.

SESSIONAL PAPER No. 142b

Stated in terms of the present time, the province of Manitoba is entitled to its resources as from 1870; that is to say, it is entitled to those resources which yet remain unalienated, and to compensation upon a fiduciary basis for those already alienated "for the purpose of the Dominion."

It follows from the premises, moreover, that the other provinces of the Dominion are in no way involved in the equitable adjustment of this compensation as between the parties immediately concerned, since this is a question not at all of subsidies as such but of lands and other resources as from 1870; with regard to the return of resources hitherto unalienated, both parties apparently are now agreed. The only point at issue, therefore, is the equitable adjustment of compensation to this province as the beneficiary for resources alienated since 1870 "by the Government of Canada for the purposes of the Dominion."

The considerations which we beg to add at this time may be stated very briefly. We are concerned, in the first place, in removing, if possible, several misunderstandings which now seem to complicate the issue; and in the second place to beg to draw your attention to some of the advantages and particularly the practical advantages—which we believe would accrue to both parties from the acceptance of this basis of settlement.

With regard to the first, we observe both in your letter of December 24, 1920, and in your letter of April 27, 1921, an interpretation of the phrase "compensation upon a fiduciary basis" which this province has never sought, or indeed contemplated. We have never been of the opinion that a "mere accounting" of Dominion receipts and expenditures would be any indication whatsoever of the fiduciary obligations of the Dominion, since practically all the lands were alienated free for Dominion purposes, while their normal functions for provincial purposes have always been, and ought to be, fiscal. The Dominion, moreover, obtained indirectly abundant fiscal returns from its immigration and free homestead policy in the form of customs revenue from new immigration which has always made the highest per capita contribution to customs revenues in the Dominion. The fiscal obligations of the provinces for local improvements meanwhile have always been strained to the utmost, without any lands—and for twelve years in Manitoba without any subsidies in lieu of lands—to offset this expenditure. It would seem, therefore, that the reference to the free homestead policy in your letter of April 27, 1921, ought to be reversed. Instead of being prosecuted "for the advantage of the provinces in which these lands were situated and therefore ultimately for the advantage of Canada" the system reacted decidedly to the immediate fiscal advantage of Canada, while the province of Manitoba, for instance, was literally impoverished in a fiscal sense for many years by the use which was made of its resources. We note with gratification in your letter of April 27—that in the proposed transfer of resources hitherto unalienated, the Dominion is no longer disposed, as in 1913, to restrict the enjoyment of full provincial rights as possessed by the other provinces of Canada.

Similarly it may be pointed out that this province has never claimed compensation for these lands "at their actual value." It is recognized that a flat valuation per acre has already proved a very feasible plan in several transactions of a similar nature between the same parties. This in fact, was the method employed with regard to the unalienated lands of Saskatchewan and Alberta when the present subsidy in lieu of lands was computed in 1905, and we observe that your Government is disposed to urge an arbitrary fraction of this subsidy as a feasible basis of compensation for the alienated lands in the province of Manitoba.

As already suggested in our letter of March 10, 1921, we are at a loss to see why this method, applied in 1905 to unalienated lands in Saskatchewan and Alberta, cannot now be applied directly to lands already alienated in this province. The process indeed ought to be simplified considerably by the fact that the acreage, etc., of such

12 GEORGE V, A. 1922

lands is known or could easily be computed as from the date of alienation, with any degree of accuracy deemed advisable.

Several equitable adjustments moreover are feasible, we believe, if the fundamental principle of provincial rights as from 1870 were definitely conceded. In fact, if the Dominion Government were disposed to agree to this basis of settlement, the province of Manitoba would have no hesitation in undertaking to submit, in very definite terms, a method, or, if necessary, several alternative methods, of applying this principle in practice. Pending such agreement, however, we are still of opinion that nothing is to be gained by discussing the details. We are particularly sensible of injustice in the closing sentence of your letter of April 27, 1921; that this province "declines to make any definite proposal at all." The general principle of compensation upon a fiduciary basis is so fundamental a departure from the purely arbitrary terms hitherto proposed that it appears to us to constitute a very definite proposal indeed, particularly since its application in practice has already been demonstrated.

One other detail may perhaps be noticed in passing, since it might otherwise occasion misunderstanding. It is stated in your letter of April 27, 1921, that "the withholding of the natural resources from the Prairie Provinces was acquiesced in at the time by the representatives of those provinces, and indeed by Governments subsequently formed." This was so far from being the case in Manitoba, that in every recorded expression of opinion both English-speaking and French at that time, the control of lands was demanded for the local legislature; and whatever terms may since have been agreed to under the resistless pressure of necessity, no Government of Manitoba, as far as we are aware, has ever been coerced into abrogating for one moment its fundamental rights in respect of public lands.

In conclusion may we suggest with the utmost brevity two or three advantages which we believe would accrue if this basis of settlement were conceded?

If it were clearly recognized that this is not a question of subsidies at all but of lands, and of lands only, as from 1870, there would be no occasion whatsoever for the intrusion of the other provinces of the Dominion into a dispute which concerns only the Dominion and this province. The only alternative to full provincial rights as from 1870 is an admission of subordination which no Government of Manitoba could afford to tolerate. Such subordination, if not admittedly temporary in character, and involving in the meantime, the amplest fiduciary obligations on the part of the Dominion, is not only unwarranted in British constitutional practise, but would imply, we submit, a difference in status unpleasant to contemplate. The fact that your Government in the letter of December 7, 1920, felt constrained to suggest an abatement of the terms of 1913, because "none of the other provinces have acquiesced in settlement upon these terms," is in itself an illustration of the difficulties that are inevitable in such a method of procedure. The other provinces would have no less right to object to a fraction of the present subsidy than they have to object to the whole of it, and their attitude at the conference of 1918 surely demonstrates that this question can never be permanently or equitably settled if three sets of interests, fiscal as well as political, are to be allowed to play at will upon it.

The second advantage, therefore, is the prospect of effecting a permanent settlement upon principles which can never be successfully questioned. This vexed issue has already been adjusted by statute at least four times without any approach to finality. It is to be feared that an arbitrary settlement now, especially if based upon an arbitrary fraction of a subsidy which was originally computed for a different purpose altogether, would only add another purely temporary solution to the list. The lesson of fifty years would seem to be that this is one of those fundamental questions which can never be regarded as settled until it is settled right.

SESSIONAL PAPER No. 142b

And finally, we beg to assure you that this province has never been disposed to stand uncompromisingly upon the rigid letter of the law in interpreting the fiduciary obligations of the Dominion. The general basis of settlement being conceded upon bold and clear lines; we believe, that equitable adjustments could be arranged by common consent, or in the last resort, by arbitration which would relieve both parties from immediate responsibility. We repeat that we yield to no part of the Dominion in our support of the Canadian Confederation. The sacrifice of our public domain hitherto, we regard, without false modesty, as the most costly contribution which any province of Canada as such has ever been called upon to make to the cause of the Dominion as a whole. It will be conceded that without this sacrifice this loan so to speak, of the immediate resources that were necessary more than one national enterprise of vital importance could never have been achieved. So much the greater, we submit, is our claim to consideration now.

Letter from the Premier of Alberta to the Premier of Canada

EDMONTON, June 6, 1921.

DEAR MR. MEIGHEN,—On my return from Ottawa, I thought it well to have on record my understanding of the negotiations in connection with the natural resources, as well as to have a reply to your letter of December 7 last.

It would not appear to be necessary, for the purposes of this record, to deal with the negotiations prior to November, 1920. During that month, I received an invitation from Premier Norris, of Manitoba, which was also extended to Premier Martin, of Saskatchewan, to accompany him to Ottawa to make a request for a complete accounting as between the Prairie Provinces and the Dominion Government with respect to the natural resources, and upon the basis of that accounting to request the transfer of the resources.

Before leaving for Ottawa, I received a letter from you intimating that, if we were prepared to accept a reduction in subsidy, in whole or in part, and if we would express our willingness to acquiesce in this suggestion, you were prepared to do your best to bring the matter to a satisfactory conclusion.

At the conference between representatives of the Prairie Provinces and the Dominion Government held on December 15, the proposals of Premier Norris were discussed and rejected by you on behalf of the Federal Government. The suggestions contained in your letter of December 7 were also discussed, but Premier Norris and Premier Martin both felt that they could not accept a reduction in subsidy as they thought they were entitled to the subsidy as compensation for lands already alienated for the general benefit of Canada. On behalf of the Alberta Government, I stated that I was prepared to place your proposal before the Government and the Legislature, as I considered it very important that Alberta secure control of the natural resources. In the subsequent discussion between the representatives of the three provinces, it was agreed that it might be well for the provinces to act separately in negotiating with the Dominion Government.

At the last session of the Alberta Legislature, the matter received full and complete consideration, and the members were of the opinion that it would be advisable to negotiate upon the terms outlined in your letter.

I visited Ottawa last month and again took the matter up with you. You expressed pleasure that our Government was disposed to discuss the question along the lines suggested by you. You also stated that you were shortly to visit England and would not have time to give any attention to the rough accounting that you were having

12 GEORGE V, A. 1922

prepared for the purpose of arriving at the maximum amount of subsidy that the provinces would appear to be entitled to under the circumstances. However, you promised that, as soon as you returned from England and had become familiar with this rough accounting, you would be prepared to give this matter your very careful consideration, and, at as early a date as possible, gather together representatives of the provinces to discuss the question, and, if a satisfactory agreement was arrived at, you would do your best to bring that matter to a successful conclusion at the next session of the Dominion Parliament.

Yours very truly,

CHARLES STEWART.

Hon. ARTHUR MEIGHEN,

Premier of Canada, Ottawa.

Telegram from the Premier of Alberta to the Premier of Canada

EDMONTON, ALBERTA, August 25.

Hon. ARTHUR MEIGHEN,

Prime Minister, Ottawa, Ont.

I have nothing that will take me East at the present time. Write you more fully at a later date.

CHARLES STEWART.

Letter from the Premier of Alberta to the Premier of Canada

(Private.)

EDMONTON, August 25, 1921.

DEAR MR. MEIGHEN,—You will have my wire of this date. I am resting up at the present time as I have not fully recovered from my illness in the spring.

I have no business that would require my presence in the east at the present time, and if there is anything that I can do, I should be very glad to hear from you at your convenience. I am glad that you agree with my statement *re* the matter of the natural resources. I feel that as we are now out of office, I would like to have a record of the negotiations up to date that might be used as an official record.

Kindly address all communications to 9942-106th street.

Yours very truly,

CHARLES STEWART.

Hon. ARTHUR MEIGHEN,

Premier of Canada, Ottawa, Ont.

SESSIONAL PAPER No. 142b

Letter from the Premier of Canada to the Hon. Charles Stewart
(Private.)

August 30, 1921.

DEAR MR. STEWART,—I just received your letter of 25th. I feel that I scarcely understand the western, and especially the Albertan situation well enough to proceed any further, just at the present time. I do not feel justified in asking you to come down but I would like the chance of a thorough discussion with you when I am in the west. I hope we can arrange this. I have no dates fixed yet.

Yours faithfully,

ARTHUR MEIGHEN.

Hon. CHAS. STEWART,
9942-106th Street, Edmonton, Alberta.

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